



COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

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MEMORANDUM

TO : ALL COOPERATIVES

FROM : THE CHAIRMAN

**SUBJECT : NOTICE TO COMPLY WITH SECTION 4 (uu) OF
REPUBLIC ACT NO. 11494, OTHERWISE KNOWN
AS THE “BAYANIHAN TO RECOVER AS ONE ACT”**

DATE : October 13, 2020

Pursuant to Section 4 (uu) of Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, to wit:

“SEC. 4. COVID-19 Response and Recovery Interventions. – Pursuant to Article VI, Section 23(2) of the Constitution, the President is hereby authorized to exercise powers that are necessary and proper to undertake and implement the following COVID-19 response and recovery interventions:

*(uu) Directing all banks, quasi banks, financing companies, lending companies, real estate developers, insurance companies providing life insurance policies, pre-need companies, entities providing in-house financing for goods and properties purchased, asset and liabilities management companies and **other financial institutions**, public and private, including the Government Service Insurance System (GSIS), the SSS and Home Development Mutual Fund (Pag-IBIG Fund), to implement a one-time sixty (60)-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, including, but not limited to, salary, personal, housing, commercial, and motor vehicle loans, amortizations, financial lease payments and premium payments, as well as credit card payments, without incurring interest on interests, penalties, fees or other charges and thereby extending the maturity of the said loans: Provided, That all loans may be settled on staggered basis without interest on interests, penalties and other charges until December 31, 2020 or as may be agreed upon by the parties: Provided, further, That nothing shall stop the parties from mutually agreeing for a grace period longer than sixty (60) days: Provided, furthermore, That the banks and other non-bank financial institutions (NBFIs) that agree to further loan term extensions or restructuring pursuant to this subsection shall be entitled to regulatory relief, as may be determined by the BSP, which may include, but is not limited to, (i) staggered booking of allowances for credit losses, (ii) exemption from loan-loss provisioning, (iii) exemption from the limits on real estate loans, when applicable, (iv) exemption from related party transaction restrictions, and (v) non-*

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inclusion in the bank's or NBF's reporting on non-performing loans: Provided, finally, That the loan term extensions or restructuring pursuant to this subsection shall be exempt from documentary stamp taxes," (Emphasis ours)

all cooperatives providing credit and lending services are mandated to provide one-time sixty (60) day grace period for the payment of existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, thereby extending the maturity of the said loans.

Further, cooperatives are not allowed to impose interest on interests, penalties, fees, or other charges to future payments/ amortizations of the member-borrower arising from the implementation of the one-time sixty (60) day grace period. Any accrued interest earned during the one-time sixty (60) day grace period may be paid by the member-borrower on a staggered basis until December 31, 2020 or as may be agreed upon by both parties.

Lastly, under the above provision of law, the parties may mutually agree to extend the mandatory grace period of sixty (60) days.

For compliance.


ORLANDO R. RAVANERA, CSEE, CEO VI
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